

SECRET

19 October 1954

MEMORANDUM FOR: Office of the Director
Planning and Coordination Staff

ATTENTION : Mr. Reber

SUBJECT : Comment on your "Reimbursement" Draft,
29 September 1954

1. What is the Director of Central Intelligence's responsibility? His instructions require him "to advise on, and to make recommendations for the coordination of, intelligence activities" under the direction of the NSC. Isn't the practical application of this mission one of insuring coordinated production of "total intelligence", under the direction of the NSC? Consequently, is he not also responsible for insuring the production of those portions of the total which have been allocated to the separate departments by NSCID assignment or by inter-agency agreement?

2. How can the DCI discharge his responsibility for adequate "total" production? By determining, first, that each of the contributors to the total (the separate departments and agencies) has the money and facilities to do its share. What if, as the Department of State, the agency does not have the money? Then the DCI either can:

a. argue in the budget hearing for an adequate allocation of intelligence money to the indigent agency, appearing as the coordinator of such matters for the NSC;

or he can:

b. allocate CIA funds to the Agency. (The extreme of this method is for the DCI to allocate all monies needed by CIA and by the other IAC Agencies to perform their assigned intelligence producing roles, in proportion to their centrally-determined needs.)

SECRET

SECRET

3. The current practice within the IAC Agencies is a mixture of processes a and b (plus letting the departments present and argue their own cases); it has the evils (and I suppose the strengths) of all processes. Certainly it seems to have these two evils:

a. All the Pentagon's intelligence funds possibly aren't spent usefully. Some of its money probably would make a greater contribution to the community welfare — and do the Defense Department more ultimate good — if it had more DCI control.

b. Responsibilities in other departments, notably international communism in State, meanwhile are allowed to languish for lack of funds.

4. I argue that these two evils spring from a single error: that the abstraction I can identify only as the "total intelligence budget" is allocated inequitably. Too much goes to the Pentagon and too little to State. The fact that during the cold war State is responsible for providing a much bigger hunk of the necessary intelligence production than is the Pentagon seems budget-wise to be overlooked.

5. From the outline of this argument I conclude that the DCI has correctly discharged his responsibility for insuring "total" production when he has reimbursed the Department of State for NIS production and for other services rendered by the Department for the common welfare, in the absence of sufficient allocations from Congress; and that the error, if one has been committed, is in fact inherent in the reverse of this action, namely, that the intelligence money the DCI has not had a hand in allocating, such as that by Congress to the Pentagon, has not always been spent wisely.

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Attachment:
Reimbursement Draft